THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) The Reserve Bank of India (RBI) has not set up any such panel. However, Government of India had appointed a Task Force on Non-Banking Financial Companies (NBFCs) in August, 1998. The Task Force submitted its report in October, 1998.

(b) The major recommendation of the Task Force include a (i) higher entry level Net Owned Fund; (ii) higher capital to Risk Asset Ratio for NBFCs seeking public deposit; (iii) ceiling on exposure to real estate and unquoted investment; (iv) disclosure in application form and advertisements for public deposits; (v) norms for exposures to connected companies to be tightened; (vi) setting up of a Depositor's Grievance Redressal Authority; (vii) publicity campaign for depositors' awareness; (viii) easing flow of credit from banks to NBFCs; (ix) State Governments to be kept informed of companies registered/rejected; (x) unauthorized deposit taking by NBFC be made a congnizable offence etc.

RBI issued comprehensive Directions in December, 1998 to implement a number of recommendations of Task Force. The minimum entry level Net Owned Fund has been increased from Rs. 25 lakhs to Rs. 200 lakhs with effect from 21.4.1999 State Government have been provided with the list of all the approved and rejected NBFCs. The ceiling on banks lending to NBFCs registered with Reserve Bank has been removed in May, 1999. RBI has started publicity campaign on January 29, 1999. A new Act for NBFC is being drafted to implement the recommendations of Task Force requiring statutory changes.

(c) No, Sir. Plantation company Schemes are collective investment schemes regulated by SEBI.

Hard Decisions

2059. SHRI DRUPAD BORGOHAIN: Will the Minister of FINANCE be pleased to state:

(a) whether it is fact that the Prime Minister has been reminding people to face "hard decesions"; if so, the details in this regard;

(b) whether it is also a fact that the Prime Minister has been saying "the days of populism are over"; and

(c) if so, what is the implication of these statements?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) to (c) The Prime Minister's remarks reflect the overall approach to the economic management of the country. The trends in the economy are closely monitored and are under constant review and appropiate decisions are taken in the light of emerging trends as and when necessary.

Steps taken by insurance companies to face Competition

2060. SHRI YADLAPATI VENKAT RAO: Will the Minister of FINANCE be pleased to state the steps taken by the State Owned Insurance Companies to face competition after the sector is opened for private enterprises?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): The Life Insurance Corporation of India, General Insurance Corporation of India and the four subsidiary companies have taken adequate measures to face the competition after the sector is opened for private enterprises. The steps already taken/proposed to be taken by LIC includes upgradation to technology including computerisation in all branches, Metro Area Network and Interactive Voice Response System in eight metropolitan centres, delegation of powers for quicker servicing and claims settlement to improve servicing standards to the customer, development of skilled personnel through appropriate training method, introduction of additional products to cater to the different segments of the society, additional channels of distribution and restructuring of the marketing structure greater degree of professionalism in the management of investment, appointment of consultant for suggesting steps to be taken to face competition etc. GIC and the subsidiaries have initiated several steps to improve customer focus and to provide quality of service which inter alia include computerisation of operations, adoption of Citizen's charter evidencing commitment to meeting customer-related requirments, offering wide range of product choices and customized covers, focus